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BUSINESS, LABOR & ECONOMIC AFFAIRS
 EXHIBIT No. 3
 DATE 3-6-07
 BILL No. HB 137

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March 1, 2007

Senator Vicki Cocchiarella
 Members of the Business, Labor and Economic Affairs Committee
 Montana State Senate
 PO Box 200500
 Helena, MT 59620-0500

Re: HB 137 Revising the Microbusiness Development Act.

Montana Business Assistance Connection, a State Certified Regional Development Corporation and a State Certified Microbusiness Development Corporation, urges the Senate Business, Labor, and Economic Affairs Committee to pass the proposed legislation.

The existing loan limit to any single applicant is \$35,000. This was established in 1991. Over time, inflation has eroded 33% of this amount - \$35,000 in 1991 is only worth \$23,500 today. In other terms, a business now needs a \$52,000 loan rather than a \$35,000 loan to reach purchasing power parity. Correspondingly, MBAC has seen the average value of loans made to the 82 businesses served by its 11 revolving loan funds grow to over \$73,000 since 1998.

Therefore, raising the limit of a single Microbusiness loan to \$100,000 is important for 3 reasons:

- Purchasing power parity is restored and enhanced for borrowers
- Legislative revisions to the lending limit will not be required for another decade (assuming the rate of inflation remains as it has for the past decade)
- Business development organizations such as MBAC will have greater ability to meet the needs of business development constituency

Thank you

Sheldon Bartel
 Executive Director

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